

• **Financial Statements**  
• with Supplementary Information

• **Ohio High School**  
• **Athletic Association**

• July 31, 2023 and 2022



# CONTENTS



	<b>Page</b>
<b>Independent Auditor’s Report</b>	<b>3</b>
<b>Financial Statements:</b>	
<b>Statements of Financial Position</b>	<b>6</b>
<b>Statements of Activities and Changes in Net Assets</b>	<b>7</b>
<b>Statements of Functional Expenses</b>	<b>8</b>
<b>Statements of Cash Flows</b>	<b>10</b>
<b>Notes to Financial Statements</b>	<b>11</b>
<b>Supplementary Information:</b>	
<b>Statement of Activities and Change in Net Assets by District     (with Comparative Totals for 2022)</b>	<b>22</b>



To the Board of Directors  
Ohio High School Athletic Association  
Columbus, Ohio

## **Independent Auditor's Report**

### ***Opinion***

We have audited the accompanying financial statements of the Ohio High School Athletic Association (the Association), which comprise the statements of financial position as of July 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of July 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Board of Directors  
Ohio High School Athletic Association  
Page 3

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 22-23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

*GBQ Partners LLC*

Columbus, Ohio  
January 10, 2024

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Statements of Financial Position

July 31, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 9,352,493	\$ 12,450,650
Accounts receivable	402,298	1,996,003
Prepaid expenses	18,876	89,952
Certificate of deposit	121,183	121,133
Total current assets	9,894,850	14,657,738
<b>Long-Term Assets</b>		
Investments	11,535,015	3,385,276
Property and equipment, net	1,313,952	1,169,344
Total long-term assets	12,848,967	4,554,620
<b>TOTAL ASSETS</b>	<b>\$ 22,743,817</b>	<b>\$ 19,212,358</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,392,126	\$ 567,519
Accrued employee wages and benefits	80,822	64,460
Deferred income	696,590	664,811
Total current liabilities	2,169,538	1,296,790
<b>Net Assets</b>		
Without donor restrictions		
Board designated funds:		
Fred Durkle Scholarship	46,714	48,392
Rossi-Denney Scholarship	47,455	49,128
Reserve fund	590,736	702,492
Athletic Enrichment fund	3,037,327	-
Total Board designated funds	3,722,232	800,012
Undesignated funds	16,852,047	17,115,556
Total net assets without donor restrictions	20,574,279	17,915,568
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 22,743,817</b>	<b>\$ 19,212,358</b>

*The accompanying notes are an integral part of the financial statements.*

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Statements of Activities and Changes in Net Assets For the Years Ended July 31, 2023 and 2022

	2023	2022
<b>Revenue and Other Gains</b>		
Tournament revenue	\$ 20,745,605	\$ 21,124,620
Other revenue	3,142,650	2,950,856
Service revenue	1,165,604	1,175,890
Interest and dividend income	241,625	28,647
Total revenue and other gains	<u>25,295,484</u>	<u>25,280,013</u>
<b>Expenses:</b>		
Program:		
Tournament expenses	16,663,323	14,702,277
Compliance expenses	445,893	364,395
Service expenses	2,185,527	973,821
Officiating expenses	1,490,763	1,395,698
Marketing expenses	123,217	144,548
Total program expenses	<u>20,908,723</u>	<u>17,580,739</u>
Supporting:		
General and administrative expenses	<u>1,875,169</u>	<u>1,764,664</u>
Total expenses	<u>22,783,892</u>	<u>19,345,403</u>
Change in net assets from operations	<b>2,511,592</b>	5,934,610
<b>Other Income</b>		
Grant revenue	25,000	25,000
Net realized and unrealized gain (loss) on investments	<u>122,119</u>	<u>(334,054)</u>
<b>Change in Net Assets without Donor Restrictions</b>	<b>2,658,711</b>	5,625,556
<b>Net Assets without Donor Restrictions - Beginning of Year</b>	<b>17,915,568</b>	12,290,012
<b>Net Assets without Donor Restrictions - End of Year</b>	<b><u>\$ 20,574,279</u></b>	<b><u>\$ 17,915,568</u></b>

*The accompanying notes are an integral part of the financial statements.*

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Statement of Functional Expenses For the Year Ended July 31, 2023

	Program					Program Total	Supporting	Total
	Tournament	Compliance	Service	Officiating	Marketing		General and Administrative	
Salaries and wages	\$ 925,338	\$ 149,056	\$ 58,369	\$ 349,917	\$ 36,277	\$ 1,518,957	\$ 739,365	\$ 2,258,322
Insurance	89,442	24,701	495,516	181,081	6,012	796,752	107,749	904,501
Payroll taxes and benefits	137,243	60,780	23,801	69,484	14,793	306,101	244,422	550,523
Rulebooks and officiating	-	-	236,540	301,297	-	537,837	-	537,837
Lease and service contracts	25,299	10,598	24,575	276,696	2,579	339,747	43,730	383,477
Consultant fees	40,868	7,357	66,151	57,955	9,777	182,108	124,964	307,072
Office expense	76,803	53,526	39,092	54,807	35,575	259,803	129,752	389,555
Board and staff travel	241,877	9,633	2,932	7,892	1,822	264,156	155,280	419,436
Legal fees	-	69,350	-	11,558	-	80,908	34,676	115,584
Depreciation	27,188	12,950	5,071	13,649	3,152	62,010	54,757	116,767
Bank and merchant fees	38,932	1,244	7,140	95,924	303	143,543	8,805	152,348
Scholarships	-	-	192,696	-	-	192,696	-	192,696
Repairs and maintenance	34,847	16,657	6,523	17,557	4,054	79,638	70,145	149,783
Clinics and meetings	-	21,168	748	44,075	-	65,991	16,276	82,267
Contract labor	4,794	-	-	-	-	4,794	43,148	47,942
Printing	8,873	8,873	8,873	8,871	8,873	44,363	8,873	53,236
Miscellaneous expenses	-	-	-	-	-	-	46,538	46,538
Grant program expenses	35,000	-	-	-	-	35,000	-	35,000
Audit fees	-	-	-	-	-	-	32,000	32,000
Other taxes and licenses	-	-	-	-	-	-	3,022	3,022
Athletic enrichment donations	-	-	1,017,500	-	-	1,017,500	-	1,017,500
Loss on disposal of assets	-	-	-	-	-	-	11,667	11,667
Interest expense	-	-	-	-	-	-	-	-
	<u>1,686,504</u>	<u>445,893</u>	<u>2,185,527</u>	<u>1,490,763</u>	<u>123,217</u>	<u>5,931,904</u>	<u>1,875,169</u>	<u>7,807,073</u>
Direct tournament expenses	<u>14,976,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,976,819</u>	<u>-</u>	<u>14,976,819</u>
<b>TOTAL</b>	<b>\$ 16,663,323</b>	<b>\$ 445,893</b>	<b>\$ 2,185,527</b>	<b>\$ 1,490,763</b>	<b>\$ 123,217</b>	<b>\$ 20,908,723</b>	<b>\$ 1,875,169</b>	<b>\$ 22,783,892</b>

*The accompanying notes are an integral part of the financial statements.*



# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Statement of Functional Expenses For the Year Ended July 31, 2022

	Program					Program Total	Supporting	Total
	Tournament	Compliance	Service	Officiating	Marketing		General and Administrative	
Salaries and wages	\$ 823,942	\$ 123,540	\$ 51,008	\$ 330,844	\$ 54,070	\$ 1,383,404	\$ 683,751	\$ 2,067,155
Insurance	82,147	17,628	470,767	185,073	7,715	763,330	89,545	852,875
Payroll taxes and benefits	171,173	47,276	19,520	64,716	20,691	323,376	227,867	551,243
Rulebooks and officiating	-	-	181,183	256,803	-	437,986	-	437,986
Lease and service contracts	34,039	9,704	24,432	277,194	4,247	349,616	46,961	396,577
Consultant fees	39,205	6,469	62,593	54,622	10,041	172,930	175,810	348,740
Office expense	68,743	39,573	30,122	42,832	30,521	211,791	101,493	313,284
Board and staff travel	170,895	4,359	1,119	3,260	1,187	180,820	120,115	300,935
Legal fees	-	69,970	-	6,997	-	76,967	62,973	139,940
Depreciation	34,619	10,682	4,411	12,845	4,675	67,232	50,473	117,705
Bank and merchant fees	10,287	1,503	6,633	87,385	658	106,466	10,709	117,175
Scholarships	-	-	110,909	-	-	110,909	-	110,909
Repairs and maintenance	29,969	8,781	3,626	10,559	3,843	56,778	45,023	101,801
Clinics and meetings	-	18,010	598	55,668	-	74,276	20,611	94,887
Contract labor	5,553	-	-	-	-	5,553	49,975	55,528
Printing	6,900	6,900	6,900	6,900	6,900	34,500	6,900	41,400
Miscellaneous expenses	-	-	-	-	-	-	36,617	36,617
Grant program expenses	35,163	-	-	-	-	35,163	-	35,163
Audit fees	-	-	-	-	-	-	30,976	30,976
Other taxes and licenses	-	-	-	-	-	-	4,852	4,852
Athletic enrichment donations	-	-	-	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	13	13
	1,512,635	364,395	973,821	1,395,698	144,548	4,391,097	1,764,664	6,155,761
Direct tournament expenses	13,189,642	-	-	-	-	13,189,642	-	13,189,642
<b>TOTAL</b>	<b>\$ 14,702,277</b>	<b>\$ 364,395</b>	<b>\$ 973,821</b>	<b>\$ 1,395,698</b>	<b>\$ 144,548</b>	<b>\$ 17,580,739</b>	<b>\$ 1,764,664</b>	<b>\$ 19,345,403</b>

*The accompanying notes are an integral part of the financial statements.*

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Statements of Cash Flows For the Years Ended July 31, 2023 and 2022



	2023	2022
<b>Cash Flows from Operating Activities</b>		
Cash received from tournaments, services and fees	\$ 26,920,968	\$ 24,050,216
Cash paid to suppliers and employees	(21,743,413)	(18,835,486)
Proceeds from grants	25,000	25,000
Net cash and cash equivalents provided by operating activities	<b>5,202,555</b>	5,239,730
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(273,042)	(69,490)
Sales of certificates of deposit	-	199,289
Purchases of investments	(9,118,022)	(3,920,465)
Proceeds from sale of investments	1,090,352	200,952
Net cash and cash equivalents used in investing activities	<b>(8,300,712)</b>	(3,589,714)
Net (decrease) increase in cash and cash equivalents	<b>(3,098,157)</b>	1,650,016
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>12,450,650</b>	10,800,634
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 9,352,493</b>	\$ 12,450,650
<b>Reconciliation of Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities</b>		
Change in net assets without donor restrictions	\$ 2,658,711	\$ 5,625,556
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	116,767	117,705
Net realized and unrealized (gain) loss on investments	(122,119)	334,054
Loss on disposal of assets	11,667	-
Change in assets and liabilities:		
Accounts receivable	1,593,705	(1,211,863)
Prepaid expenses	71,076	174,084
Accrued employee wages and benefits	16,362	(2,050)
Accounts payable	824,607	220,178
Deferred income	31,779	(17,934)
<b>Net Cash and Cash Equivalents Provided by Operating Activities</b>	<b>\$ 5,202,555</b>	\$ 5,239,730

*The accompanying notes are an integral part of the financial statements.*

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Notes to Financial Statements

July 31, 2023 and 2022

### Nature and Scope of Business

The purpose of the Ohio High School Athletic Association (the Association) shall be to regulate, supervise and administer interscholastic athletic competition in a fair and equitable manner among its member schools. While promoting the values of participation in interscholastic athletics, the Association shall be an integral factor in the total educational program of the schools. This shall be accomplished in cooperation with all agencies vitally concerned with the health and educational welfare of high school, junior high school and middle school students; determining qualifications of individual participants, coaches and officials; providing information through literature and other materials to facilitate athletic relations among member schools; establishing standards for sportsmanship and competition; and furnishing protection against exploitation of schools or students in any manner directed by the member schools. The Columbus office is the administrative and primary office of the Association and is supported by six districts located throughout the state. These financial statements include all districts and the Columbus office.

### Summary of Significant Accounting Policies

#### Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

#### Financial Statement Presentation

The Association classifies resources for accounting and reporting purposes into separate net asset classes based on the existence or absence of donor-imposed restrictions. Descriptions of the Association's net asset categories are as follows:

*Net Assets Without Donor Restrictions* - Net assets that are free of donor-imposed restriction; all revenues, expenses, gains and losses that are not changes in net assets with donor restrictions.

*Net Assets With Donor Restrictions* - Net assets whose use is limited by the donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Association. Donor-imposed stipulations that will be met in the same period in which the revenue is received are recognized immediately as net assets without donor restrictions in the statement of activities and changes in net assets. As of July 31, 2023 and 2022, the Association had no net assets with donor restrictions.

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Notes to Financial Statements

July 31, 2023 and 2022

### Summary of Significant Accounting Policies (continued)

#### Cash and Cash Equivalents

The Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Association maintains cash and cash equivalents at various financial institutions, which at times, may exceed federally insured limits.

#### Accounts Receivable

Accounts receivable are stated at the amount that management expects to collect from outstanding balances. The Association does not charge interest on any overdue accounts. Accounts receivable from customers (excluding employee retention credit receivables discussed further in the *Employee Retention Credit* footnote below) were \$402,298, \$1,816,091, and \$185,935 at July 31, 2023, July 31, 2022 and August 1, 2021, respectively.

Decisions to charge off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. No allowance for uncollectible accounts receivable was deemed to be necessary as of July 31, 2023 and 2022 as management believed all accounts to be collectible.

#### Investments

The Association records investments in marketable securities at their fair value. Interest and dividend income and realized and unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions, unless explicit donor stipulation or law restricts their use.

U.S. GAAP established a fair value hierarchy that prioritizes the inputs to measure the fair value of the assets or liabilities being measured. Fair value is defined as the exchange value that would be received on the measurement date to sell an asset or to value the amount paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Level 1 inputs provide the most reliable measure of fair value as of the measurement date.
- Level 2 Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3 Inputs are significant unobservable inputs for the asset or liability.

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Notes to Financial Statements

July 31, 2023 and 2022

### Summary of Significant Accounting Policies (continued)

#### Investments (continued)

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

#### Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Renewals and betterments that materially extend the useful lives of the assets are capitalized and depreciated. Maintenance and repairs that do not improve or extend the lives of the respective assets are charged to expense as incurred. Assets purchased but not placed in service are capitalized and depreciation is not recognized until the date the asset is placed in service. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income. The useful lives of property and equipment are as follows:

Building	31 - 40 Years
Furniture and fixtures	5 - 10 Years
Vehicles	5 Years

The Association evaluates whether events and circumstances have occurred that indicate the remaining carrying value of long-lived assets might not be recoverable. In cases where the expected future cash flows are determined to be less than the carrying amount of the assets, the assets are considered to be impaired and are written down to fair value, based on appraisals or other methods to estimate value. There were no impairment losses recorded during the years ended July 31, 2023 and 2022.

#### Deferred Income

Annual officials' permit fees received prior to the start of the licensing period are recorded as deferred income and recognized as revenue during the period earned. Deferred income was \$696,590 and \$664,811 and \$682,745 at July 31, 2023, July 31, 2022 and August 1, 2021, respectively. For the years ended July 31, 2023 and 2022, \$664,811 and \$682,745, respectively, was recognized as income for 2022 and 2021 deferred income balances.

#### Revenue Recognition

The Association has adopted the provisions and expanded disclosure requirements described in Accounting Standards Update (ASU) No. 2014-09, Revenue from *Contracts with Customers*, also referred to as Accounting Standards Codification (ASC) Topic 606, which provides a unified model to determine when and how revenue is recognized. In accordance with ASC 606, the Association recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services.

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Notes to Financial Statements

July 31, 2023 and 2022

### Summary of Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

The Association's revenue streams consist of the following:

Tournament Revenue - The Association sells tournament tickets and receives consideration from customers. Revenue is recognized at the point in time the tournament occurs.

Corporate Sponsorships - The Association receives various corporate sponsorships and recognizes them as revenue at the point in time when the obligation is satisfied or over the term of the sponsorship. Corporate sponsorships are included in other revenue in the accompanying statements of activities and changes in net assets.

Officials Permit and Class Fees - The Association renews tournament officials licenses and hosts various educational classes throughout the year in exchange for consideration from officials. The Association receives payments from officials in advance of the renewal or class, and revenue is recognized over the period the renewal is effective or at the point in time the class occurs. Officials Permit and Class Fees are included in other revenue in the accompanying statements of activities and changes in net assets.

Service Revenue - Beginning in 2022, the Association receives membership dues from member schools which are recognized over the period the membership is effective. Additionally, service revenue is comprised of coach's education fees which are recognized as revenue based on the education credit activity that occurs.

#### Grant and Contribution Revenues

From time to time, the Association receives grants and other contribution support. These unconditional contributions are recognized as revenue at the time the commitment is made or the payment is received.

#### Contributed Services

Donated services are recognized as contributions only if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Association. During the years ended July 31, 2023 and 2022, a substantial number of unpaid volunteers, including members of the Board of Directors, made significant contributions of time to promote and administer the activities at the Association. The value of this contributed time is not reflected in the financial statements since the aforementioned criteria were not met.

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Notes to Financial Statements

July 31, 2023 and 2022

### Summary of Significant Accounting Policies (continued)

#### COVID-19 Government Assistance Accounting Policies

Currently, there is no authoritative guidance under U.S. GAAP that addresses accounting and reporting by a not-for-profit entity that receives forgivable debt or assistance not in the form of an income tax credit from a government entity. Accordingly, management has elected to recognize forgivable debt received from a government entity (Paycheck Protection Program Loans) as debt until extinguishment occurs when the Association is legally released from being the obligor. Upon legal release as obligor, the Association recognizes the forgiven amount as income in the statement of activities and change in net assets. As it relates to certain payroll-related tax credits (Employee Retention Credits), management has elected to analogize to International Accounting Standards 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which states that such credits are treated as a government grant when there is reasonable assurance that the entity will meet the terms of the credits and such credits will be received. Accordingly, the Association presents assistance from government entities in the form of such tax credits within accounts receivable or cash, once received, in the accompanying statements of financial position and within other revenue in the statements of activities and change in net assets when it is probable that the Association has complied with all the conditions to receive the credit.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are summarized and categorized based on their functional classification as either program or supporting expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function and are allocated equally across the programs. The most significant allocations are salaries, payroll taxes and benefits, bank and merchant fees and consultant fees, which are allocated based on time and effort.

#### Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Association performs an annual assessment for any uncertainty in income tax positions which includes an analysis of whether there are any tax positions the Association takes with regard to unrelated business income, related deductions applied or other activities that may jeopardize their tax exempt status and thus would meet the definition of an uncertain tax position. The Association has not identified any material uncertain tax positions requiring accrual or disclosure in the financial statements as of July 31, 2023 or 2022.

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Notes to Financial Statements

July 31, 2023 and 2022

### Summary of Significant Accounting Policies (continued)

#### Recently Issued Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard sets forth a current expected credit loss (CECL) model, which requires the Association to measure all expected credit losses for financial assets (or a group of financial assets) held at the reporting date based on historical experiences, current conditions, and reasonable supportable forecasts. The standard replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost, such as accounts receivable and related reserves. The new standard is effective for annual periods beginning after December 15, 2022. Management is currently evaluating the potential impact of the new pronouncement on the Association's financial statements.

#### **Liquidity and Available Resources**

Financial assets available for general expenditures, that is, without donor restrictions or board designations limiting their use, within one year of the statement of financial position date, are comprised of \$9,089,952 of cash and cash equivalents and \$402,298 of accounts receivable at July 31, 2023.

The Association also holds \$8,196,507 in long-term investments, which are without restrictions or board designations limiting their use, that could be made available for current operations, if necessary, although the Association does not intend to spend for these purposes. Additionally, to assist in managing unanticipated liquidity needs, the Association has a \$750,000 line of credit available, which could be drawn upon.

Although the Association does not intend to spend its board-designated funds other than amounts approved for general expenditure as part of its annual budgeting process, amounts from its board-designated funds could be made available if necessary and approved by the Board of Directors. There are no minimum balance restrictions on the cash account that would restrict its availability. In addition to these available assets, a significant portion of the Association's annual expenditures will be funded with the annual tournament revenues, service revenue, investment income and miscellaneous revenue.

#### **Certificate of Deposit**

The Association has a certificate of deposit with an initial maturity date of greater than three months, which is subject to annual renewal. The investment is valued at cost plus accrued interest earned and is readily convertible to cash, but may be subject to a penalty upon conversion. The investment bears interest at a rate of 0.55% and 0.05% at July 31, 2023 and 2022, respectively, and will mature in May 2024.



# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Notes to Financial Statements

July 31, 2023 and 2022

### Investments

The Association invests in various marketable securities, all of which are considered trading securities. Marketable securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the fair value of these investments may occur in the near term, which could be material.

Investments at cost and fair value consist of the following:

	July 31, 2023				Fair Value
	Cost	Level 1	Level 2	Level 3	
Cash and money market	\$ 8,070,506	\$ 8,070,503	\$ -	\$ -	\$ 8,070,503
Equity securities:					
Domestic equity		1,621,658	-	-	1,621,658
International equity		443,511	-	-	443,511
Total equity securities	1,967,406	2,065,169	-	-	2,065,169
Fixed income	1,519,102	1,383,606	-	-	1,383,606
Alternative	21,048	15,737	-	-	15,737
<b>Total Investments</b>	<b>\$ 11,578,062</b>	<b>\$ 11,535,015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,535,015</b>

	July 31, 2022				Fair Value
	Cost	Level 1	Level 2	Level 3	
Cash and money market	\$ 31,944	\$ 31,944	\$ -	\$ -	\$ 31,944
Equity securities:					
Domestic equity		1,450,073	-	-	1,450,073
International equity		470,952	-	-	470,952
Total equity securities	2,120,161	1,921,025	-	-	1,921,025
Fixed income	1,516,735	1,413,338	-	-	1,413,338
Alternative	19,628	18,969	-	-	18,969
<b>Total Investments</b>	<b>\$ 3,688,468</b>	<b>\$ 3,385,276</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,385,276</b>

The Association's investments consisting of cash and money market funds are presented as noncurrent within investments based on the intent to continue to reinvest these assets on a long-term basis. Money market funds are valued at cost, which approximates fair value. Equity securities and fixed income mutual fund and exchange traded fund investments are valued at quoted market prices for the number of shares held by the Association at year-end.

The methods of valuation might produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Further, while the Association believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial investments could result in a different fair value measurement at the reporting date. There were no changes in valuation methodology during 2023.

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Notes to Financial Statements

July 31, 2023 and 2022

### Property and Equipment

Property and equipment consisted of the following at July 31:

	2022	2021
Land	\$ 269,000	\$ 269,000
Furniture and equipment	3,117,624	2,913,556
Buildings and improvements	2,474,057	2,453,207
Vehicles	46,339	53,951
	<b>5,907,020</b>	5,689,714
Less: accumulated depreciation	<b>(4,593,068)</b>	(4,520,370)
<b>Property and Equipment, net</b>	<b>\$ 1,313,952</b>	<b>\$ 1,169,344</b>

### Line of Credit

The Association has a \$750,000 revolving line of credit with a financial institution which is due on demand. Interest is payable monthly and is calculated using Prime Rate of interest less 0.25%. There were no borrowings outstanding on the line of credit as of July 31, 2023 or 2022.

### Employee Retention Credits

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) allows for a refundable Employee Retention Credit (ERC) to eligible employers equal to 50% of qualified wages paid to employees from March 13, 2020 to December 31, 2020, capped at \$10,000 per employee. Subsequently, the Consolidated Appropriations Act (CAA), the American Rescue Plan Act of 2021 (ARPA) and the Infrastructure Investment and Jobs Act of 2021 were passed, which expanded the ERC by increasing the credit to 70% of qualified wages paid from January 1, 2021 through September 30, 2021, capped at \$10,000 per employee per quarter. In 2021, the Association recognized \$598,205 in ERC. As of July 31, 2022, \$179,912 of this amount had not yet been received and was presented within accounts receivable in the accompanying statement of financial position. This amount was fully collected as of July 31, 2023.

### Retirement Plan

The Association sponsors a defined contribution retirement plan for all full-time employees. The Association makes an annual discretionary contribution to the Plan, which was 8% of eligible employee compensation for both years ended July 31, 2023 and 2022. Additionally, the Association matched 100% of employee contributions up to 3% of eligible compensation. Employees are eligible to contribute a portion of their salary, up to regulatory contribution ceilings, in addition to the amount contributed by the Association. Total employer contributions to the Plan amounted to \$174,762 and \$144,810 for the years ended July 31, 2023 and 2022, respectively.

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Notes to Financial Statements

July 31, 2023 and 2022

### Operating Leases

The Association leases certain office equipment under noncancellable operating leases, which expire at various dates through 2025. The Association has elected not to apply the provisions of ASC Topic 842, *Leases*, to its current lease arrangements which are greater than 12 months due to immateriality of these amounts. Therefore, no right-of-use (ROU) asset or lease liability has been recorded.

Future maturities of operating leases as of July 31, 2023 are as follows:

Year Ending	Amount
2024	\$ 91,380
2025	53,909
<b>Total</b>	<b>\$ 145,289</b>

Lease expense is included in the lease and service contracts line in the accompanying statements of functional expenses, and amounted to \$97,527 and \$110,627, for the years ended July 31, 2023 and 2022, respectively.

### Board Designations

The Association started the Board-Designated Reserve Fund to have a funding source for extraordinary or unforeseen expenditures. The value of the fund at July 31, 2023 and 2022 was \$590,736 and \$702,492, respectively.

Funds have also been designated for the Fred Durkle Scholarship Fund and the Rossi-Denney Scholarship Fund to be presented to senior athletes in the names of the late Fred Durkle, John Rossi and Bob Denney. For the year ended July 31, 2023, \$2,000 in scholarships were presented from these funds. For the year ended July, 31, 2022, no scholarships were presented from these funds. The amount accumulated in the Fred Durkle Scholarship Fund as of July 31, 2023 and 2022 was \$46,714 and \$48,392, respectively. The amount accumulated in the Rossi-Denney Scholarship Fund as of July 31, 2023 and 2022 was \$47,455 and \$49,128, respectively.

In 2023, the Association established the Athletic Enrichment fund for the purpose of providing contributions, on an equitable basis, to each member school's athletic department to assist with the costs of equipment, uniforms, game transportation, officials, and improving student sportsmanship and adult fan behavior. On an annual basis, the Board of Directors will approve contributions to the fund from operating cash and will invest such funds conservatively to earn interest. Annually, the Board of Directors will approve the contribution amount to each qualifying school. For the year ended July 31, 2023, the athletic enrichment donation approved and paid to member schools totaled \$1,017,500. The value of the fund at July 31, 2023 was \$3,037,327.

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Notes to Financial Statements

July 31, 2023 and 2022



### **OHSAA Foundation**

In 1998, the Association provided the initial funding to start the Ohio High School Athletic Association Foundation (Foundation), a separately formed, controlled and operated not-for-profit organization. The Foundation was formed to provide scholarships and conferences for Ohio student athletes. The Association provided the Foundation with accounting and clerical services for no charge with a fair value of approximately \$5,000 for the years ended July 31, 2023 and 2022. Separate financial statements for the Foundation may be obtained by contacting the Finance and Accounting department of the Ohio High School Athletic Association, 4080 Roselea Place, Columbus, OH 43214. In December 2023, the Foundation's Board of Directors approved a plan to dissolve the Foundation.

### **Concentrations**

At July 31, 2023, two corporate sponsorships represented 93% of accounts receivable. At July 31, 2022, one corporate sponsorship represented 57% of accounts receivable.

### **Contingencies**

The Association is, from time to time, subject to lawsuits that are typical of matters arising in the normal operations of interscholastic athletic associations. The Association does not believe that any matters or proceedings presently pending will have a materially adverse effect on its financial position, results of operations or liquidity.

### **Subsequent Events**

Management has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Statement of Activities and Change in Net Assets by District

### For the Year Ended July 31, 2023 (with Comparative Totals for 2022)

	Columbus	Central	East	Northeast	Northwest	Southeast	Southwest	Total All Districts	
								2023	2022
<b>Revenue and Other Gains</b>									
Tournament revenue:									
Football	\$ 5,944,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,944,830	\$ 5,489,621
Soccer	552,561	176,768	33,932	362,376	194,286	70,772	315,172	1,705,867	1,956,075
Volleyball	355,914	93,352	50,447	181,966	207,616	64,198	140,016	1,093,509	1,212,810
Cross country	392,268	33,196	7,960	39,224	39,050	10,742	40,408	562,848	574,932
Field hockey	64,169	-	-	-	-	-	-	64,169	69,217
Girls tennis	15,559	9,154	-	10,892	6,736	544	12,068	54,953	60,659
Golf	60,923	10,116	4,114	12,946	15,880	6,024	13,324	123,327	132,234
Spirit cheer	18,897	-	-	-	-	-	-	18,897	-
Total fall sports	7,405,121	322,586	96,453	607,404	463,568	152,280	520,988	9,568,400	9,495,548
Boys basketball	1,537,959	296,986	188,008	527,943	550,279	271,620	486,161	3,858,956	4,391,711
Girls basketball	727,561	147,594	80,766	252,195	290,963	111,440	184,783	1,795,302	1,833,212
Ice hockey	253,510	-	-	-	-	-	-	253,510	287,832
Bowling	37,312	17,966	5,050	30,570	16,384	3,134	22,220	132,636	115,590
Gymnastics	17,708	3,580	-	10,770	3,126	-	2,674	37,858	36,865
Swimming and diving	107,375	41,596	4,150	48,416	43,993	3,786	51,624	300,940	304,339
Wrestling	732,430	38,954	35,926	85,952	75,472	4,512	67,374	1,040,620	928,211
Total winter sports	3,413,855	546,676	313,900	955,846	980,217	394,492	814,836	7,419,822	7,897,760
Baseball	376,380	117,652	51,954	178,738	155,940	67,634	131,798	1,080,096	1,077,447
Softball	258,980	66,746	35,773	103,472	105,344	47,362	80,000	697,677	716,952
Lacrosse	571,112	-	-	-	-	-	-	571,112	625,729
Boys tennis	13,630	7,376	-	11,480	5,424	394	10,246	48,550	54,531
Track & field	715,932	77,124	29,028	142,674	131,336	32,790	102,304	1,231,188	1,256,653
Boys volleyball	128,760	-	-	-	-	-	-	128,760	-
Total spring sports	2,064,794	268,898	116,755	436,364	398,044	148,180	324,348	3,757,383	3,731,312
Total tournament revenue	12,883,770	1,138,160	527,108	1,999,614	1,841,829	694,952	1,660,172	20,745,605	21,124,620
Other revenue:									
Corporate sponsors	1,254,707	-	-	-	-	-	-	1,254,707	1,169,398
Officials permit fees	1,136,016	-	-	-	-	-	-	1,136,016	1,069,082
Media rights	399,000	-	-	-	-	-	-	399,000	399,962
Miscellaneous	352,927	-	-	-	-	-	-	352,927	312,414
Total other revenue	3,142,650	-	-	-	-	-	-	3,142,650	2,950,856
Service revenue:									
Membership revenue	727,500	-	-	-	-	-	-	727,500	698,910
Coach's education	438,104	-	-	-	-	-	-	438,104	476,980
Total service revenue	1,165,604	-	-	-	-	-	-	1,165,604	1,175,890
Other changes in net assets:									
Interest and dividend income	104,014	22,243	21,074	12,532	34,016	17,720	30,026	241,625	28,647
Grant revenue	25,000	-	-	-	-	-	-	25,000	25,000
Net realized and unrealized gain (loss) on investments	34,550	16,135	8,971	16,296	22,958	9,895	13,314	122,119	(334,054)
Total other changes	163,564	38,378	30,045	28,828	56,974	27,615	43,340	388,744	(280,407)
<b>Total Revenue and Other Gains</b>	<b>\$ 17,355,588</b>	<b>\$ 1,176,538</b>	<b>\$ 557,153</b>	<b>\$ 2,028,442</b>	<b>\$ 1,898,803</b>	<b>\$ 722,567</b>	<b>\$ 1,703,512</b>	<b>\$ 25,442,603</b>	<b>\$ 24,970,959</b>

See Independent Auditor's Report.

# OHIO HIGH SCHOOL ATHLETIC ASSOCIATION

## Statement of Activities and Change in Net Assets by District (continued) For the Year Ended July 31, 2023 (with Comparative Totals for 2022)

								Total All Districts	
	Columbus	Central	East	Northeast	Northwest	Southeast	Southwest	2023	2022
<b>Direct Tournament Expenses:</b>									
Football	\$ 2,826,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,826,012	\$ 2,424,228
Soccer	433,982	139,718	32,893	325,189	149,639	62,793	202,560	1,346,774	1,175,231
Volleyball	252,692	90,325	43,830	196,336	137,765	54,640	128,823	904,411	758,682
Cross country	220,518	24,117	4,389	35,170	36,528	8,958	33,660	363,340	343,713
Field hockey	58,641	-	-	-	-	-	-	58,641	36,862
Girls tennis	15,037	17,410	-	20,190	7,913	3,988	19,184	83,722	81,447
Golf	111,329	48,833	17,056	86,178	60,500	31,921	65,120	420,937	403,284
Spirit cheer	2,158	-	-	-	-	-	-	2,158	-
Total fall sports	3,920,369	320,403	98,168	663,063	392,345	162,300	449,347	6,005,995	5,223,447
Boys basketball	747,189	162,368	81,684	351,350	351,928	113,133	292,141	2,099,793	1,925,929
Girls basketball	462,885	124,293	62,848	265,867	291,992	73,379	149,117	1,430,381	1,333,877
Ice hockey	156,895	-	-	-	-	-	-	156,895	139,230
Bowling	40,324	35,855	11,147	51,601	27,868	5,625	59,394	231,814	200,174
Gymnastics	37,298	12,426	-	40,764	6,696	-	2,909	100,093	100,281
Swimming and diving	117,493	60,088	3,852	71,074	43,368	1,890	93,730	391,495	357,181
Wrestling-individual	544,481	74,394	48,480	130,761	92,069	6,181	125,427	1,021,793	881,450
Total winter sports	2,106,565	469,424	208,011	911,417	813,921	200,208	722,718	5,432,264	4,938,122
Baseball	279,151	82,838	40,962	184,079	98,122	59,833	102,741	847,726	776,703
Softball	246,323	71,559	40,012	170,006	142,115	67,115	95,876	833,006	699,851
Lacrosse	399,947	-	-	-	-	-	-	399,947	402,155
Boys tennis	28,393	15,828	27	16,859	7,418	2,076	11,399	82,000	68,312
Track and field	688,828	77,764	23,567	190,297	99,515	30,760	124,279	1,235,010	1,079,509
Boys volleyball	140,871	-	-	-	-	-	-	140,871	-
Total spring sports	1,783,513	247,989	104,568	561,241	347,170	159,784	334,295	3,538,560	3,026,530
Special Awards	-	-	-	-	-	-	-	-	1,543
Total direct tournament expenses	7,810,447	1,037,816	410,747	2,135,721	1,553,436	522,292	1,506,360	14,976,819	13,189,642
<b>Operating expenses:</b>									
Salaries and wages	1,981,402	42,551	37,059	59,067	48,022	47,703	42,518	2,258,322	2,067,155
Insurance	904,501	-	-	-	-	-	-	904,501	852,875
Payroll taxes and benefits	528,921	3,461	3,049	4,445	3,872	3,584	3,191	550,523	551,243
Rulebooks and officiating	537,837	-	-	-	-	-	-	537,837	437,986
Lease and service contracts	377,330	-	579	76	3,600	-	1,892	383,477	396,577
Consultant fees	290,083	3,261	2,611	1,323	4,040	2,089	3,665	307,072	348,740
Office expense	381,745	1,117	810	1,913	1,141	300	2,529	389,555	313,284
Board and staff travel	304,062	12,024	13,583	15,037	29,015	22,626	23,089	419,436	300,935
Legal fees	115,584	-	-	-	-	-	-	115,584	139,940
Depreciation	112,866	685	286	685	685	685	875	116,767	117,705
Bank and merchant fees	124,528	4,020	1,688	8,371	5,261	2,250	6,230	152,348	117,175
Scholarships	170,485	-	2,042	6,537	6,207	1,800	5,625	192,696	110,909
Repairs and maintenance	149,448	-	-	335	-	-	-	149,783	101,801
Clinics and meetings	71,715	4,972	64	-	2,575	1,751	1,190	82,267	94,887
Contract labor	-	5,775	6,988	6,000	10,000	3,000	16,179	47,942	55,528
Printing	51,653	-	-	-	-	-	1,583	53,236	41,400
Miscellaneous expenses	49,031	1,125	(50)	3,196	5,299	(15,534)	3,471	46,538	36,617
Grant program expenses	35,000	-	-	-	-	-	-	35,000	35,163
Audit fees	32,000	-	-	-	-	-	-	32,000	30,976
Other taxes and licenses	3,022	-	-	-	-	-	-	3,022	4,852
Athletic enrichment donations	1,017,500	-	-	-	-	-	-	1,017,500	-
Loss on disposal of assets	11,667	-	-	-	-	-	-	11,667	-
Interest expenses	-	-	-	-	-	-	-	-	13
Total operating expenses	7,250,380	78,991	68,709	106,985	119,717	70,254	112,037	7,807,073	6,155,761
Total Expenses	15,060,827	1,116,807	479,456	2,242,706	1,673,153	592,546	1,618,397	22,783,892	19,345,403
<b>Change in Net Assets without Donor Restrictions</b>	\$ 2,294,761	\$ 59,731	\$ 77,697	\$ (214,264)	\$ 225,650	\$ 130,021	\$ 85,115	\$ 2,658,711	\$ 5,625,556

See Independent Auditor's Report.